

Adrienne Woods
The Law Offices of Adrienne Woods, P.C.
One Penn Plaza, Suite 6153
New York, New York 10119
Telephone: (917) 447-4321
Email: Adrienne@woodslawpc.com

Attorneys for Elaine Klein

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X

In re:

ALEXANDER M. WALDMAN DIAMOND CO., INC.,

Chapter 11

Debtor.

Case No.: 14-11660 (MG)

-----X

LIMITED OBJECTION

Elaine Klein (“Ms. Klein”), by and through her counsel The Law Offices of Adrienne Woods, P.C., hereby submits this limited objection (the “Objection”) and Affirmation in Support of the Limited Objection, a copy of which is annexed hereto as **Exhibit A** and fully incorporated, to the confirmation of the *Second Amended Plan of Reorganization* proposed by the above-captioned Debtor (the “Plan”) on the grounds set forth below:

BACKGROUND

The Israeli Divorce Proceeding

1. In November 2007, Elaine Klein filed a claim seeking distribution of assets based upon dissolution of marriage from Alex Waldman in the Family Court of Jerusalem (the “Family Court”).¹

¹ Under Israeli law, divorce proceedings – which are conducted in Family Court – are not public. While Ms. Klein submitted an emergency application on the date of this Objection to the Family Court requesting that these documents be released so that this Bankruptcy Court may have unfettered access, Ms. Klein is awaiting a response.

2. The Family Court entered an order forbidding Mr. Waldman from selling, converting or disposing of any marital assets pending a determination as to an equitable distribution (the “Injunction Order”).

3. In 2009, Mr. Waldman violated the Injunction Order by converted not less than \$1.5 million in assets (“Misappropriated Assets”).

4. Mr. Waldman has failed to turn over the proceeds of the Misappropriated Assets to the Family Court. Accordingly, early in 2012 Ms. Klein brought a motion in the Family Court seeking to hold Mr. Waldman in contempt (the “Contempt Motion”) for violation of the Injunction Order. The purpose of the Injunction Order was to obtain return of the Misappropriated Assets.

5. Mr. Waldman does not deny converting the Misappropriated Assets. In fact, in an affidavit submitted in his personal bankruptcy filing in Israel, Mr. Waldman admits to transferring the Misappropriated Assets to the Debtor in violation of the Injunction Order.

6. The Family Court granted the Contempt Motion and required Mr. Waldman to turn over the Misappropriated Assets with interest and linkage determined under the law on or before July 17, 2013.

7. Despite being directed by a valid and binding order of the Court, Mr. Waldman has not returned the Misappropriated Assets as of the date of this Objection. Meanwhile, the Family Court has yet to decide equitable distribution of the marital assets.

The Bankruptcy Case

8. On May 30, 2014 (the “Petition Date”), the Debtor filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code.

9. The Debtor is 92% owned by its President, Alexander Waldman (“Mr. Waldman”). The remaining 8% of the Debtor is owned by Mr. Waldman’s brother, Leonard. Mr. Waldman is the ex-husband of Ms. Klein.

10. Ms. Klein is a resident of the country of Israel. Ms. Klein has received no formal notices in this bankruptcy case.

11. Ms. Klein recently learned that the Debtor had filed the Plan through a third party. In an attempt to protect her interest in the Misappropriated Assets, which still have not been returned despite Court Order, Ms. Klein files this Objection to the Plan.

LIMITED OBJECTION

12. While Ms. Klein has no objection to confirmation of the Plan generally, she disputes the Debtor’s right to possess, use and distribute the Misappropriated Assets. To the extent that the Plan is confirmed, Ms. Klein seeks entry of an order of this Court directing that the Debtor be required to return the Misappropriated Assets to the Family Court before any distribution is made under the Plan.

CONCLUSION

WHEREFORE, Ms. Klein respectfully requests entry of an order directing the Debtor to return the Misappropriated Assets to the Family Court pending a determination by that Court as to the appropriate distribution of the marital assets and granting such other and further relief as is just and proper.

Dated: New York, New York
February 5, 2015

By: /s/Adrienne Woods
Adrienne Woods
THE LAW OFFICES OF ADRIENNE WOODS, P.C.
One Penn Plaza, Suite 6153
New York, New York 10119
Telephone: (917) 447-4321
Email: Adrienne@woodslawpc.com
Attorneys for Elaine Klein

CERTIFICATE OF SERVICE

I, Adrienne Woods, an attorney duly admitted to practice before this Court, hereby certify that on the 5th day of February, 2015, I caused true and correct copies of the foregoing Objection to be served on the parties listed below via first class U.S. mail, postage prepaid, and by the Court's CM/ECF system:

Jonathan S. Pasternak, Esq.
DelBello Donnellan Weingarten Wise & Wiederkehr, LLP
One North Lexington Avenue
White Plains, New York 10601
Attorneys for the Debtor

Gilbert Backenroth, Esq.
Hahn & Hessen LLP
488 Madison Avenue, New York, NY 10022
Attorneys for Bank Leumi

Dated: New York, New York
February 5, 2015

/s/ Adrienne Woods
Adrienne Woods